**10 Things You Need to Know About Program Income**

1. Program income is defined by EDGAR in 34 CFR 80.25 (b) as “gross income received by the grantee or sub grantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.” Program Income = fees charged to students to defray program costs. Applicable sections of EDGAR, Title 34 Code of Federal Regulations can be found here (click on 80): <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

2. Collected fees and tuition must be used to assist adult students in becoming literate, obtaining knowledge and skills necessary for employment and self-sufficiency, obtaining the education skills necessary to become full partners in their child’s education, and completing their secondary school education (AEFLA Section 202). They are not grant funds, but maintain same characteristics.

3. Using special language in the state’s annual grant award, OVAE has allowed states to use the “addition” option described in 34 CFR 80.25 (g)(2). This means that program income earned may be added to the grant allocation and “used for the purposes and under the conditions of the grant agreement.” **Earning program income does not reduce the program’s annual adult education allocation.**

4. Local providers charging fees must use the program income generated for **allowable** activities and costs, expanding available resources for adult education, workplace literacy, English language acquisition and adult secondary education. **Note: program income cannot be used for refreshments.**

5. OVAE’s language in the state’s annual grant award requires fees established by states or local programs to be necessary and **reasonable** and not impose a barrier to the participation of disadvantaged persons that the program was designed to serve. Fee structures for adult education shall take into account the ability of the student who participates in adult education to pay the fees.

6. 34 CFR 76.534 **prohibits** state or local programs from counting “tuition and fees collected from students toward meeting **matching**, cost-sharing or maintenance of effort requirements of a program.”

7. The collection of fees and tuition cannot be reported as part of the program’s general funds, as they are restricted and must be reported and used directly by adult education programs to provide **additional** adult education and literacy services that the program would otherwise be unable to provide (34 CFR 80.25 –AEFLA section 202).

8. The local program chief executive officer (CEO) or program administrator will be responsible to acknowledge by signature the program assurances as part of the program’s grant plan submission – that all fees and tuition collected and submitted for accounting purposes are returned/delegated (with the exception of state-approved indirect costs) to the local adult education program to be used solely and specifically for adult education programming and not withheld and maintained in a general maintenance and operation fund or used for any other funding purpose. **Program income cannot be maintained in any interest-bearing account.**

9. Program income must be reported to RIDE as indicated on the FSR/CRF (Financial Status Report-Cash Reimbursement Form) submitted to RIDE’s fiscal office. Reimbursement requests are required to be submitted to the RIDE, at a minimum, on a quarterly basis.

10. Tuition and fees generated in the current fiscal year must be spent in the adult education program in the year generated or, at the latest, during the ensuing program year.

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